# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:4510
ANSWERED ON:23.12.2005
DUTY EVATION BY OIL MAJORS
Jha Shri Raghunath

**Will the Minister of FINANCE be pleased to state:**

(a) whether Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corparation Limited (HPCL), evaded payment of duty of Rs. 713.17 crore on the indirect sale consideration received in the form of subsidy from Government on sale to petroleum products.

(b) if so, the details therefor, and

(c) the steps taken to reover the duty from the oil companies.

## Answer

MINISTRER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) No, Sir. Although in Mumbai-I Central Excise zone, Central Excise Revenue Audit (CERA), has observed that Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have evaded duty payment of Rs.713.17 crores on the indirect sale consideration received in the form of subsidy from the Government on sale of petroleum products, the objection however is not admitted by the Department since subsidy is not includible in assessale value.

(b) Detail of the cases are as per Annex-`A`.

(c) In case of administered prices, the contribution by the Oil Pool Account (Subsidy) cannot be added to the assessable value. Hence No recovery is warranted.

ANNEX-A

(Annexure to Lok Sabha Unstarred Question No. 4510 for 23.12.2005)

| Sl. No. | Name of the Company | Duty involved (Rs.in crores) |
|---|---|---|
| 1. | M/s Indian Oil Corporation Limited (IOCL) | 498.91 |
| 2. | M/s Bharat Petroleum Corporation Limited (BPCL) | 166.43 |
| 3. | M/s Hindustan Petroleum Corporation Limited (HPCL) | 47.83 |
| | Total | 713.17 |